



State, Foreign Operations, and Related Programs: FY2011 Budget and Appropriations

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Summary

The annual State, Foreign Operations, and Related Agencies appropriations bill has been the primary legislative vehicle through which Congress reviews the U.S. international affairs budget and influences executive branch foreign policy making in recent years, as Congress has not regularly considered these issues through a complete authorization process for State Department diplomatic activities since 2003 and for foreign aid programs since 1985. Funding for Foreign Operations and State Department/Broadcasting programs has been steadily rising since FY2002, after a period of decline in the 1980s and 1990s. Ongoing assistance to Iraq and Afghanistan, as well as large new global health programs and rapidly increasing assistance to Pakistan, has kept the international affairs budget at historically high levels in recent years. The change of Administration in 2009 did not disrupt this trend.

On February 1, 2010, President Obama submitted a budget proposal for FY2011 that requests \$58.49 billion for the international affairs budget, a 16% increase over the enacted FY2010 funding level. If \$1.8 billion in “forward funding” of FY2010 priorities appropriated in FY2009 supplemental legislation is counted toward FY2010 rather than FY2009 totals, as it has by the Administration, the increase would be 12%. The Administration has also requested \$4.46 billion in supplemental FY2010 foreign operations funds for activities in Afghanistan, Pakistan, and Iraq and \$1.7 billion for humanitarian relief and reconstruction effort in Haiti. If these supplemental funding requests were enacted, the FY2011 request would be 3% above the FY2010 enacted level, or represent level funding if the FY2009 forward funding is attributed to the FY2010 total.

This report focuses only on the \$56.65 billion requested for programs and activities funded through the State-Foreign Operations appropriations bill, which excludes some portions of the International Affairs request and includes funding for certain commissions requested as part of other budget functions. The Administration requested significant increases for building State and USAID capacity; aid to Afghanistan, Pakistan, and Iraq; and activities under the Administration’s Global Health, Food Security, and Global Climate Change initiatives. Programs for which the Administration recommended reduced funding, compared with enacted FY2010 levels, are contributions to international organizations, commissions and foundations, and peacekeeping operations.

This report analyzes the FY2011 request, recent-year funding trends, and congressional action related to FY2011 State-Foreign Operations legislation. The report will be updated to reflect changes in legislative status

Contents

Recent Developments.....	1
State-Foreign Operations Overview.....	1
Background and Trends.....	2
Use of Supplemental and Forward Funding	3
FY2011 Budget Request.....	5
FY2011 Budget Request: State Department and Related Agencies	7
Key State Department Issues	9
FY2011 Budget Request: Foreign Operations	10
Top 10 U.S. Foreign Aid Recipient Countries	12
Regional Distribution	13
Sector Distribution.....	14
Key Foreign Operations Issues	15

Figures

Figure 1. State-Foreign Operations Appropriations, FY2000-FY2011	2
Figure 2. FY2011 State-Foreign Operations Request Compared to Various Representations of FY2010 and FY2009 Appropriations	5
Figure 3. Composition of the State-Foreign Operations Budget Request, FY2011	6
Figure 4. Graphic Representation of the FY2011 Request for State, Foreign Operations, and Related Agencies, by Major Accounts	7
Figure 5. State Department and Related Agencies Appropriations, FY2001-FY2011	9
Figure 6. Foreign Operations Appropriations, FY2001-FY2011	12
Figure 7. Regional Distribution of Foreign Aid, FY2009-FY2011 Req.....	14

Tables

Table 1. Table 1. State-Foreign Operations Appropriations, FY2001-FY2011	2
Table 2. State Department and Related Agencies Appropriations, FY2001-FY2011	8
Table 3. Foreign Operations Appropriations, FY2001-FY2011	11
Table 4. Top 10 Recipients of U.S. Foreign Aid in FY2010, FY2011 Request	13
Table 5. Selected Sector Funding, FY2009 Request and FY2010 Request.....	15
Table C-1. State Department and Related Agencies Appropriations, FY2009-FY2011.....	21
Table D-1. Foreign Operations Appropriations, FY2009-FY2011	23
Table E-1. International Affairs (150) Budget Account, FY2008-FY2010	26

Appendices

Appendix A. Structure of State-Foreign Operations Appropriations	19
Appendix B. Abbreviations	20
Appendix C. State Department and Related Agencies Appropriations	21
Appendix D. Foreign Operations Appropriations	23
Appendix E. International Affairs (150) Budget Account.....	26

Contacts

Author Contact Information	26
Key Policy Staff.....	27

Recent Developments

On February 1, 2010, the Obama Administration submitted its FY2011 budget request to Congress, together with a request for supplemental FY2010 funding for foreign operations activities. Later that month, Secretary of State Hillary Clinton testified before the House Foreign Affairs Committee and Senate Foreign Relations Committee, and before each chamber's State-Foreign Operations Appropriations Subcommittee. Hearings on aspects of the international affairs budget request were held throughout March and April.

On April 22, the Senate Budget Committee passed a budget resolution recommending \$4 billion less than the Administration requested for the International Affairs account, prompting strong objections by foreign aid advocates, including a letter signed by all living former Secretaries of State urging Congress to fully fund the Administration's request.¹

State-Foreign Operations Overview

The State-Foreign Operations appropriations bill funds most programs and activities within the international affairs budget account, known as Function 150, including foreign economic and military assistance, contributions to international organizations and multilateral financial institutions, State Department and U.S. Agency for International Development (USAID) operations, public diplomacy, and international broadcasting programs. However, the bill does not align perfectly with the international affairs budget. Food aid, which is appropriated through the Agriculture appropriations bill, and the International Trade Commission and Foreign Claims Settlement Commission, both funded through the Commerce-Science-Justice appropriation, are international affairs (Function 150) programs not funded through the State-Foreign Operations appropriations bill. Furthermore, a number of international commissions that are not part of the Function 150, such as the International Boundary and Water Commission, are funded through the State-Foreign Operations bill. A chart illustrating the organizational structure of the State-Foreign Operations appropriations bill is provided in **Appendix A**.

This report focuses only on accounts funded through the State-Foreign Operations appropriations bill, but provides appropriations figures for the entire international affairs (Function 150) budget in **Appendix E**.

Table 1 and **Figure 1** show State-Foreign Operations appropriations for the past decade in both current and constant dollars.

Forward Funding

There is disagreement among appropriators and the Administration about how to treat certain funds provided under the FY2009 supplemental (P.L. 111-32) to address in advance a portion of the FY2010 international affairs request. Unless otherwise noted, the numbers in this report reflect funding enacted in each fiscal year, so this "forward funding" is accounted for in FY2009 totals. Throughout this report, footnotes will indicate when these funds are relevant to the analysis and how the comparative analysis would change if these funds were attributed to FY2010. Affected accounts include Diplomatic & Consular Programs; Embassy Security, Construction & Maintenance; Global Health & Child Survival; International Narcotics Control & Law Enforcement; and Foreign Military Financing.

¹ The letter is accessible at <http://www.usglc.org/USGLCdocs/Secretaries%20of%20State%20Letter%20to%20Congress%20April%202010.pdf>.

Table I. Table I. State-Foreign Operations Appropriations, FY2001-FY2011

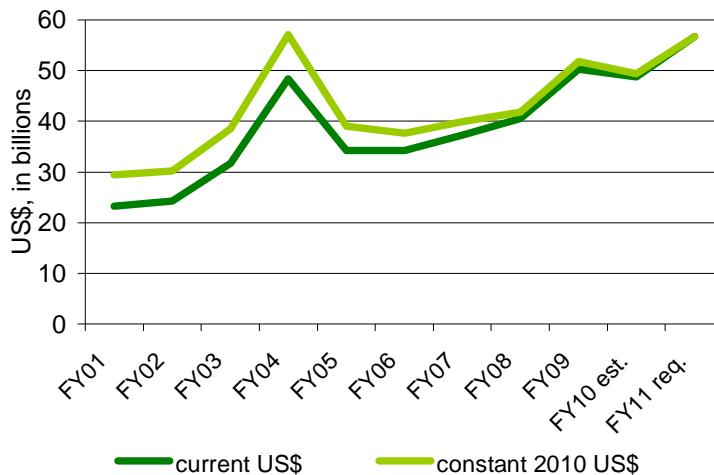
(in billions of current and 2011 constant dollars, including supplemental appropriations)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10 Est.	FY11 Req.
Current \$	23.22	24.25	31.72	48.34	34.23	34.25	37.28	40.47	50.50	48.77	56.65
Constant 2011 \$	29.40	30.22	38.51	57.04	38.95	37.64	39.89	41.77	52.07	49.05	56.65

Source: Summary and Highlights, International Affairs Function 150, FY2011 and CRS calculations.

Notes: Figures include all enacted appropriations, regular and supplemental. The \$1.8 billion for State/and Foreign Operations that was considered forward funding for FY2010 in P.L. 111-32, the Supplemental Appropriations Act, 2009, is included in the FY2009 total.

Figure I. State-Foreign Operations Appropriations, FY2000-FY2011



Source: Summary and Highlights, International Affairs Function 150, FY2011, and CRS calculations.

Background and Trends

U.S. national security, commercial, and humanitarian interests are the rationale for most international affairs activities. During the Cold War, foreign aid and diplomatic programs had a primarily anti-communist focus, while concurrently pursuing other U.S. policy interests, such as promoting economic development, advancing U.S. trade, expanding access to basic education and health care, promoting human rights, and protecting the environment. In the 1990s, with the Cold War ended, distinct policy objectives included stopping nuclear weapons proliferation, curbing the production and trafficking of illegal drugs, expanding peace efforts in the Middle East, achieving regional stability, protecting religious freedom, and countering trafficking in persons.

A defining change in focus came following the September 11, 2001, terrorist attacks in the United States. Since then, U.S. foreign aid and diplomatic programs have emphasized national security objectives, frequently cast in terms of contributing to efforts to counterterrorism. In 2002,

President Bush released a National Security Strategy that for the first time established global development as the third pillar of U.S. national security, along with defense and diplomacy. Development was again underscored in the Administration's re-statement of the National Security Strategy released on March 16, 2006.

Also in 2002, foreign assistance budget justifications began to highlight the war on terrorism as the top foreign aid priority, emphasizing U.S. assistance to 28 "front-line" states—countries that cooperated with the United States in the war on terrorism or faced terrorist threats themselves.² Large reconstruction programs in Afghanistan and Iraq exemplified the emphasis on using foreign aid to combat terrorism. State Department efforts focused extensively on diplomatic security and finding more effective ways of presenting American views and culture through public diplomacy, particularly in Muslim communities.

The Obama Administration has carried forward many Bush foreign aid initiatives, including USAID's Development Leadership Initiative (DLI), the Millennium Challenge Corporation, and robust assistance to Iraq, Afghanistan, and Pakistan. The Obama Administration has also largely sustained Bush Administration investments in global health and HIV/AIDS treatment, though its Global Health Initiative shifts the emphasis away from a focus on discrete diseases and toward comprehensive health systems. In the FY2011 request, the Administration further defines its international priorities, with an emphasis on building State Department and USAID capacity, supporting multilateral food security and global climate change initiatives, and shifting responsibility for assistance programs in Iraq and elsewhere from military to civilian authorities.

Use of Supplemental and Forward Funding

Year-to-year comparison of funding levels has become increasingly complicated due to the use of supplemental appropriations. Supplemental resources for State and Foreign Operations programs, once used primarily to respond to unanticipated emergencies or natural disasters, became a significant and continuous source of funds for ongoing international activities during the Bush Administration, especially for programs related to reconstruction efforts and corresponding to ongoing military operations in Iraq and Afghanistan. Some criticized this practice, which kept significant funds separate from the annual budget cycle and made future-year planning difficult. The Obama Administration has requested \$4.46 billion in supplemental funds for FY2010, to meet needs in Afghanistan and Pakistan related to the December 2009 strategy shift, and in Iraq, where the U.S. military drawdown corresponds with a surge in U.S. civilian assistance. An additional \$1.7 billion in State-Foreign Operations funds were requested in March for relief and reconstruction in Haiti, following the devastating January 2010 earthquake.

Year-to-year comparison has also been complicated by recent use of forward funding mechanisms, whereby appropriations legislation may provide funding for multiple fiscal years. One FY2008 supplemental,³ for example, included \$3.68 billion within a section titled "Bridge Fund Supplemental Appropriations for Fiscal Year 2009," essentially providing a FY2009 supplement before the FY2009 base appropriation was enacted. These funds were clearly

² According to the State Department, these "front-line" states in 2002 included Afghanistan, Algeria, Armenia, Azerbaijan, Bangladesh, Colombia, Djibouti, Egypt, Ethiopia, Georgia, Hungary, India, Indonesia, Jordan, Kazakhstan, Kenya, Oman, Pakistan, Philippines, Poland, Russia, Saudi Arabia, Tajikistan, Tunisia, Turkey, Turkmenistan, Uzbekistan, and Yemen.

³ P.L. 110-252.

designated as FY2009 funds, to be obligated between October 2008 and September 2009. Less clear, however, is the appropriate designation for \$1.8 billion⁴ included in an FY2009 supplemental appropriations measure⁵ that House and Senate appropriators considered forward funding of priorities identified in the FY2010 request, but which were not clearly designated as FY2010 funds in the enacting legislation and accompanying report.⁶ In the FY2011 Congressional Budget Justification (CBJ), the Administration included these funds in FY2010 accounts totals in many instances, while the Congressional Budget Office is treating them as FY2009 appropriations, as does this report.

The inclusion of supplemental funds and the accounting used for forward funds can significantly affect year-to-year comparisons of appropriations levels. For example, the FY2011 request is almost the same as the FY2010 total if the FY2010 supplemental requests and forward funding are included in the FY2010 column, but represents a 16% increase if the supplemental request is excluded and the forward funding is counted in FY2009 rather than FY2010. **Figure 2** compares the FY2011 State-Foreign Operations budget request with various representations of FY2010 and FY2009 appropriations.

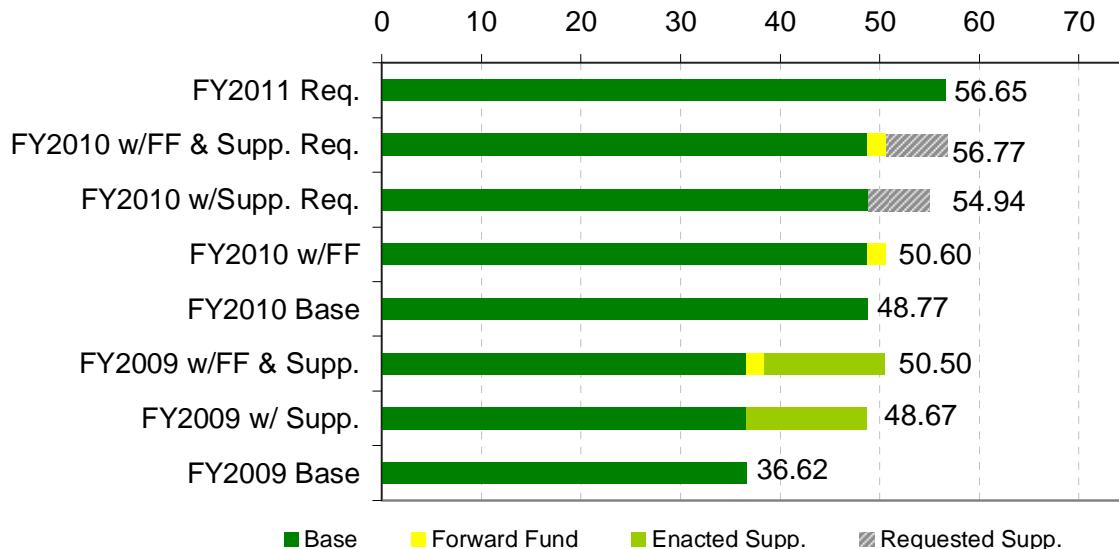
⁴ The Administration cites \$1.8 billion as the forward-funded level in the CBJ, while House appropriators reportedly count \$2.4 billion intended as forward funding. The discrepancy apparently relates to the treatment of the Pakistan Counterinsurgency Contingency Fund and a portion of Foreign Military Financing funds to Mexico. Until the House produces legislation for FY2011, clarifying their approach to accounting for these funds, “forward funding” in this report will refer only to the \$1.8 billion detailed in the CBJ.

⁵ P.L. 111-32.

⁶ Reports accompanying the House-passed and Senate committee-approved FY2010 State-Foreign Operations appropriations bills (H.Rept. 111-187 and S.Rept. 111-44, respectively) indicate what each subcommittee considered forward funding for FY2010. The legislative language was rolled into an omnibus bill; the statement accompanying the omnibus legislation (H.Rept. 111-366) did not include the forward-funding language, but did note that the reports were to be used as guidance.

Figure 2. FY2011 State-Foreign Operations Request Compared to Various Representations of FY2010 and FY2009 Appropriations

(in billions of current U.S.\$)



Source: State Department data; CRS calculations.

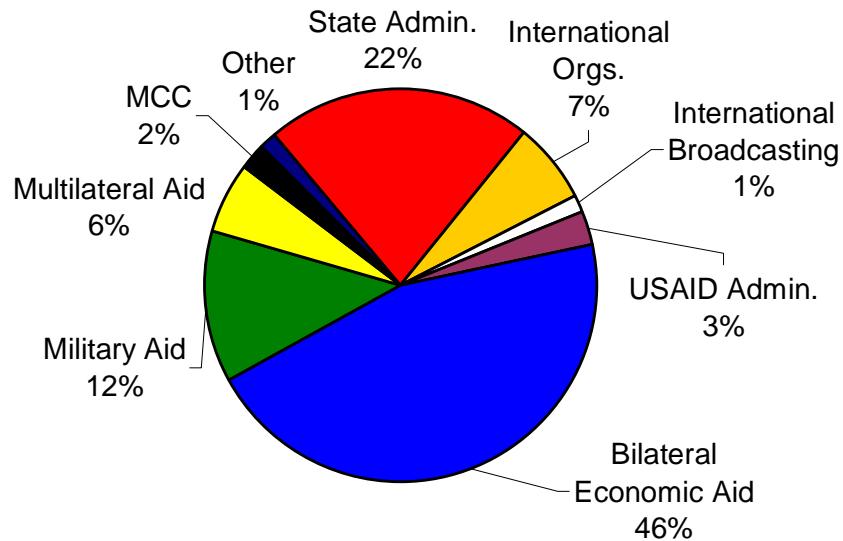
Note: FF = forward funding. These figures reflect the composition of the State-Foreign Operations appropriations bill, not the 150 budget account. FY2009 supplemental funding legislation includes P.L. 110-252, P.L. 111-5, and P.L. 111-32.

FY2011 Budget Request

On February 1, 2010, the Obama Administration sent its FY2011 international affairs (Function 150 account) budget request to Congress, corresponding to a total of \$56.65 billion requested for the Department of State, foreign operations, and related programs. This represents a 16% increase from estimated FY2010 funding (3% if requested supplemental funds are included),⁷ and 4.5% of the total discretionary budget authority requested by the Administration for FY2011. **Figure 3** provides a breakout of the request by assistance type.

⁷ If the \$1.8 billion in “forward funds” are included in the FY2010 total, rather than FY2009, the FY2011 request represents a 12% increase over the FY2010-enacted level, or a 4% decrease from the enacted plus requested supplemental level.

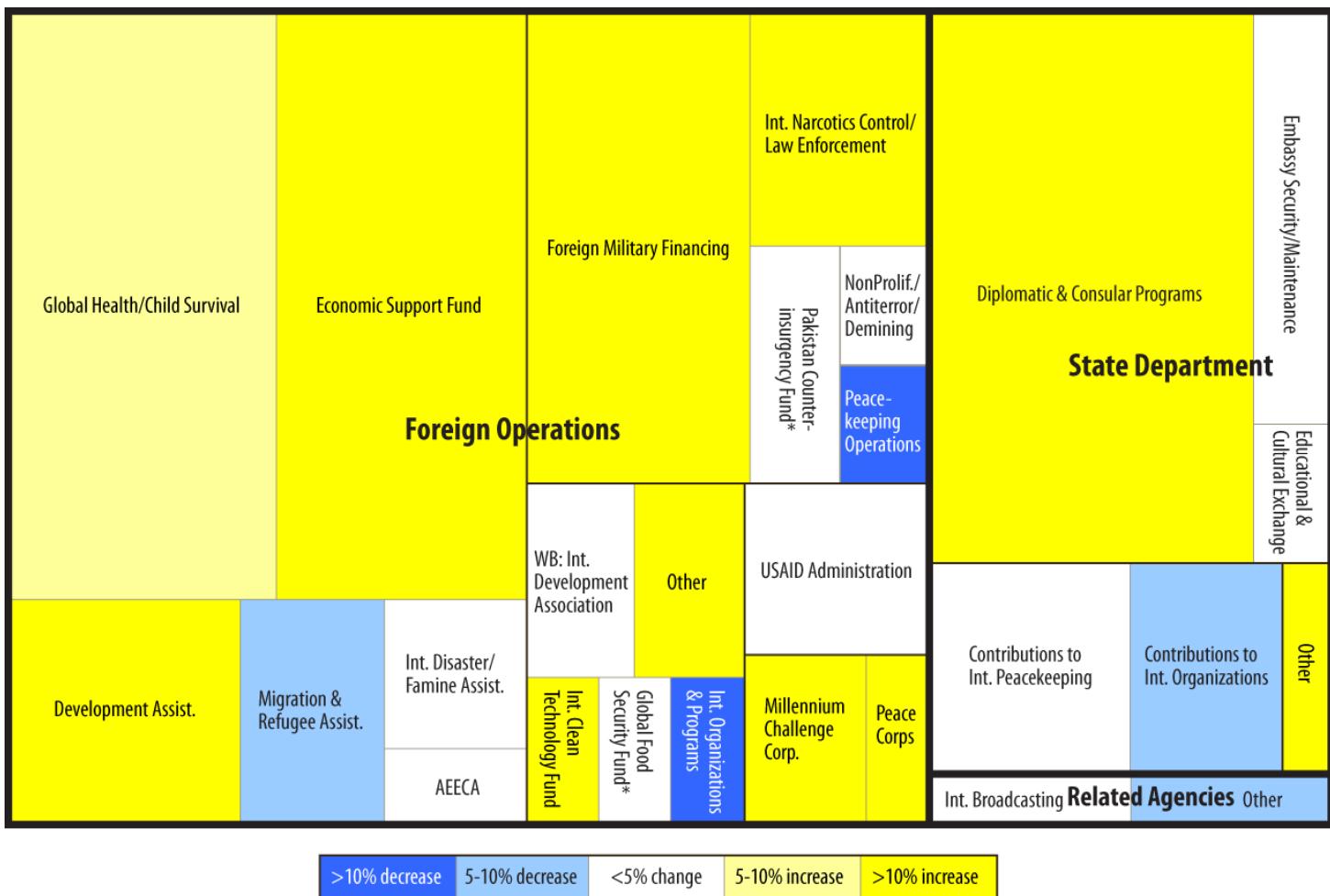
Figure 3. Composition of the State-Foreign Operations Budget Request, FY2011



Source: *Fiscal Year 2011 Budget of the United States Government* and CRS calculations.

Figure 4 shows the major accounts in the bill in proportion to the whole request, and indicates for each account whether the requested funding level represents an increase or decrease over the FY2010-enacted appropriation level. Just five accounts—Diplomatic and Consular Programs, Economic Support Fund, Global Health and Child Survival, Foreign Military Financing, and Development Assistance—make up more than 60% of the total funding requested. With the exception of Global Health, which would increase by 9%, the requests for each of these accounts represent increases of more than 15% over the FY2010-enacted level. For a full listing of funds requested for State, Foreign Operations and Related Agency accounts, see **Appendix C** and **Appendix D**.

Figure 4. Graphic Representation of the FY2011 Request for State, Foreign Operations, and Related Agencies, by Major Accounts



Source: FY2011 State-Foreign Operations Congressional Budget Justification; CRS calculations.

Notes: Accounts for which the amount requested was less than 0.5% of the total request are represented in aggregate as “other.” WB = World Bank; AEECA = Assistance to Europe, Eurasia, and Central Asia.

* No funds have been enacted for the Pakistan Counterinsurgency Fund or the Global Food Security Fund in FY2010, making a comparison to FY2010 not applicable. If FY2009 supplemental funds for the Pakistan Counterinsurgency Fund are considered forward funding for FY2010, the increase from FY2010-enacted to FY2011-requested would be 58%.

FY2011 Budget Request: State Department and Related Agencies

The Administration's FY2011 budget request for the Department of State, international broadcasting, and related agencies is \$17.25 billion, an 8% increase over the FY2010-enacted level of \$15.95 billion, including the mandatory Foreign Service Retirement Fund.⁸ However, the

⁸ If forward funding of \$374.38 million for Diplomatic and Consular Programs and \$90.9 million for Embassy Security, Construction & Maintenance, provided in the Supplemental Appropriations Act of 2009 (P.L. 111-32), are included in the FY2010 total, the FY2011 increase would be 5%.

Administration has also requested \$2.08 billion in supplemental FY2010 funds for State operations and related accounts, which, if enacted, would make the FY2010 appropriation higher than the FY2011 request. The supplemental request would allow the Department to increase the civilian surge in Afghanistan in FY2010 and begin building permanent consulates outside of Baghdad before the start of the FY2011 budget year.

Related agencies funded in the State portion of the bill include the Broadcasting Board of Governors (BBG), contributions to International Organizations (CIO), including the United Nations (U.N.), U.N. Peacekeeping (CIPA), and funding for several International Commissions and the U.S. Institute for Peace. Also included are funding for The Asia Foundation, the National Endowment for Democracy, and several other independent non-profit educational and exchange organizations which help advance U.S. interests. (For a description of all the accounts within the State Department segment of the bill, see CRS Report R40482, *State, Foreign Operations Appropriations: A Guide to Component Accounts*, by Curt Tarnoff and Kennon H. Nakamura.)

Table 2 and **Figure 5** show appropriations for the State Department and related agencies over the past decade in both current and constant dollars.

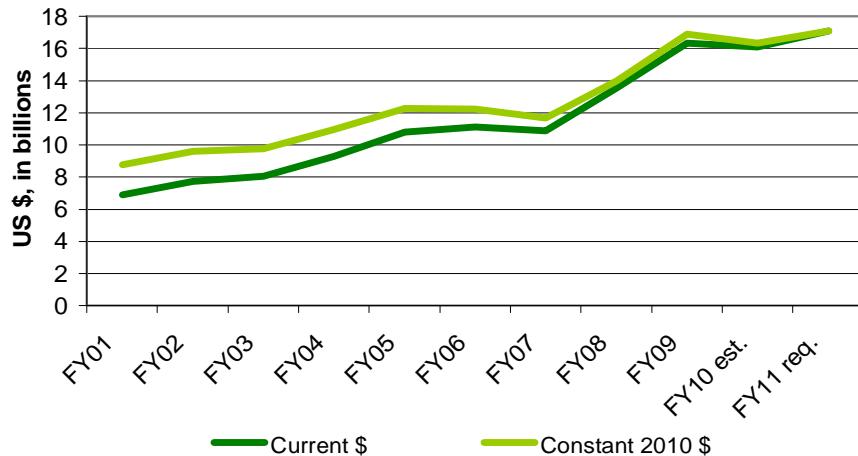
Table 2. State Department and Related Agencies Appropriations, FY2001-FY2011
(discretionary budget authority in billions of current and 2011 constant dollars)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10 est.	FY11 Req.
Current \$	6.91	7.71	8.05	9.29	10.78	11.12	10.90	13.57	16.18	15.95	17.25
Constant 2011 \$	8.75	9.61	9.77	10.96	12.27	12.22	11.66	14.00	16.66	16.17	17.25

Source: The Department of State Congressional Budget Justifications, FY2001-FY2011, and CRS calculations.

Notes: Figures include all enacted appropriations, regular and supplemental. The FY 2010 estimate does not include any supplemental funds, as none have been enacted as of the date of this report. The \$465.3 million for State/Related Agencies accounts that was forward funding for FY2010 priorities in P.L. 111-32, the Supplemental Appropriations Act, 2009, is included in the FY2009 total rather than the FY2010 estimate.

Figure 5. State Department and Related Agencies Appropriations, FY2001-FY2011



Source: The Department of State Congressional Budget Justifications, FY2001-FY2011, and CRS calculations.

Key State Department Issues

In reviewing the FY2011 State Department budget request, the following issues stand out as being Administration priorities or representing significant changes from existing policy or funding levels.

Support Missions in Front-Line States

The FY2011 request includes significant funding to support U.S. missions in Iraq, Afghanistan, and Pakistan, where additional logistics support, security, and information technology are needed to keep up with increasing staff levels and program responsibilities. The Administration requested \$1.85 billion to support the U.S. mission in Iraq, for the abovementioned purposes as well as support for Provincial Reconstruction Teams, exchange programs, and the Special Inspector General for Iraq Reconstruction. The Administration is requesting \$754 million to support 1,500 civilian staff from various agencies in Afghanistan, and \$102 million for operational support of public diplomacy activities in Pakistan.

Growth in Foreign Service Capacity

The Administration is requesting \$9.55 billion for Diplomatic & Consular Programs (D&CP) in FY2011, \$1.32 billion more than the FY2010-enacted total of \$8.23 billion. In addition, nearly \$1.9 billion in FY2010 supplemental funds have been requested for this account.⁹ D&CP funds most State Department salaries and expenses, and growth in the FY2010 and the FY2011 request reflects the Administration's strategic plan to increase Foreign Service capacity by 25% over FY2008 levels by FY2014. Secretary of State Clinton has described the strategy as a means to reduce the State Department's reliance on contractors, which she believes will improve

⁹ The Supplemental Appropriations Act of 2009, P.L. 111-32, forward funded \$374.38 million for Diplomatic and Consular Programs for FY2010. If these funds are included in the FY 2010 total, the FY2011 increase would be \$943.6 million.

accountability and save money in the long-term. The FY2011 request would fund 599 new positions, including 410 Foreign Service Officers and 189 Civil Service personnel, and expand and improve training in critical languages.

Retention of Consular Fees

The State Department seeks authority in the FY2011 request to retain all passport and consular fees, some of which are currently retained by the Treasury. The Administration views this as a mechanism to cover the full cost of consular services more efficiently. Congress, however, may object to this new source of funding, which would operate outside of the regular appropriations process and could no longer be used to off-set expenditures in the budgeting process. If the request is granted, State anticipates an additional \$2.59 billion in available fees, a 45% increase over the FY2010 estimate.

Proposed Reductions in Funding

The Administration has proposed reductions in funding for voluntary contributions to international organizations and foundations, among others. The request for international organizations is \$1.6 billion, a 5% decrease from FY2010, reflecting reduced or eliminated contributions to several U.N. organizations, including the U.N. High Commission on Refugees, U.N. Development Fund for Women, U.N. Development Program, U.N. Children's Fund (UNICEF), and the U.N. Population Fund (UNFPA). Contributions to several foundations supported by the bill have been reduced from FY2010 levels as well. The Asia Foundation request is 17% lower than the FY2010 level, at \$15.7 million; the East-West Center faces a 50% reduction, to \$11.4 million; and the National Endowment for Democracy would see an 11% cut, to \$105 million.

FY2011 Budget Request: Foreign Operations

The Foreign Operations budget comprises the majority of U.S. foreign assistance programs, both bilateral and multilateral. (See **Appendix D** for Foreign Operations accounts and funding levels.) The annual State-Foreign Operations Appropriations bill funds most U.S. bilateral development assistance programs, with the main exception being food assistance appropriated through the Agriculture Appropriations bill (for which \$1.89 billion was appropriated in FY2010 and the same amount requested for FY2011). These funds are managed primarily by USAID and the State Department, together with several smaller independent foreign assistance agencies such as the Millennium Challenge Corporation, the Peace Corps, and the Inter-American and African Development Foundations. The legislation also supports U.S. contributions to major multilateral financial institutions, such as the World Bank and U.N. entities, and includes funds for the Export-Import Bank and Overseas Private Investment Corporation, whose activities are regarded more as trade promotion than foreign aid. On occasion, the bill replenishes U.S. financial commitments to international financial institutions, such as the World Bank and the International Monetary Fund.¹⁰

¹⁰ For a description of all the accounts within the Foreign Operations section of the bill, see CRS Report R40482, *State, Foreign Operations Appropriations: A Guide to Component Accounts*, by Curt Tarnoff and Kennon H. Nakamura.

The foreign operations budget request for FY2011 totals \$39.4 billion, representing a 20% increase from the estimated FY2010 level of \$32.8 billion, excluding forward funding from the Supplemental Appropriations Act of 2009.¹¹ The Administration has also requested \$4.10 billion in supplemental foreign operations funds for FY2010. **Table 3** and **Figure 6** provide funding levels for foreign operations over the past decade, including enacted supplemental appropriations, in both current and constant dollars. If the FY2011 request is enacted, foreign operations funding will have increased by 142% in current dollars, and by 91% in constant dollars, from FY2001 to FY2011.

Table 3. Foreign Operations Appropriations, FY2001-FY2011

(discretionary budget authority in billions of current and constant 2011 dollars)

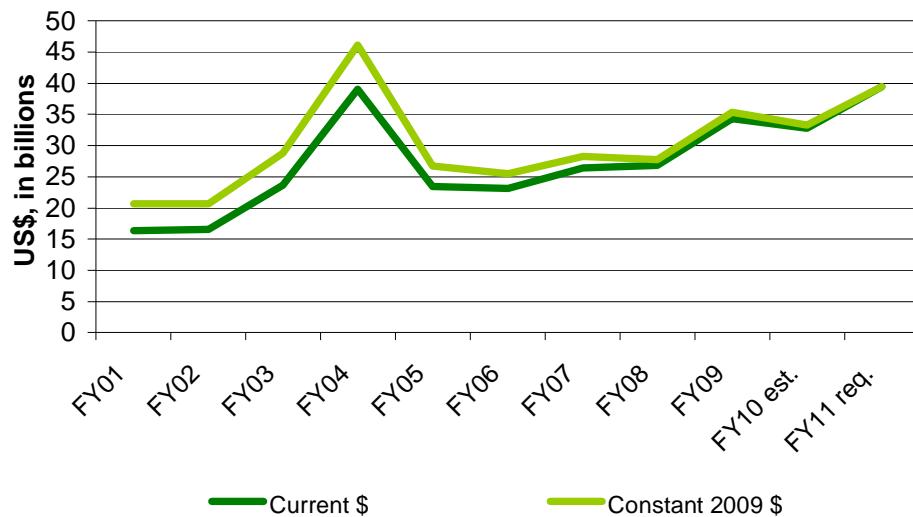
	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10 est.	FY11 req.
Current \$	16.31	16.54	23.67	39.05	23.45	23.13	26.38	26.89	34.32	32.82	39.40
Constant 2011 \$	20.65	20.61	28.74	46.08	26.69	25.42	28.23	27.75	35.48	33.28	39.4

Source: The Foreign Operations Congressional Budget Justifications, FY2001-FY2011, and CRS calculations.

Notes: Figures include all enacted appropriations, regular and supplemental. The FY 2010 estimate does not include any supplemental funds, as none have been enacted as of the date of this report. The \$1.37 billion for Foreign Operations accounts that the Administration considers forward funding for FY2010 in P.L. 111-32, the Supplemental Appropriations Act, 2009, is included in the FY2009 total.

¹¹ Appropriations Act, 2009, is included in the FY2010 estimate rather than the FY2009 total, the increase is 15%. If the requested foreign operations supplemental appropriations are added as well, the increase is 7%. If both the supplemental request and forward funding are included in the FY2010 total, the increase is 3%.

Figure 6. Foreign Operations Appropriations, FY2001-FY2011



Source: The Foreign Operations Congressional Budget Justification, FY2001-FY2011, and CRS calculations.

Top 10 U.S. Foreign Aid Recipient Countries

Prior to the wars in Afghanistan and Iraq, Israel and Egypt typically received the largest amounts of U.S. foreign aid every year since the Camp David Peace Accords in 1978.¹² The reconstruction efforts in Iraq and Afghanistan moved those countries into the top five, though assistance to Iraq has declined significantly in the past couple of years, with the completion of many reconstruction activities. Meanwhile, a combination of security assistance and economic aid designed to limit the appeal of Islamic extremist organizations has moved Pakistan up the list in recent years.

¹² For more information on historic aid trends, see CRS Report R40213, *Foreign Aid: An Introduction to U.S. Programs and Policy*, by Curt Tarnoff and Marian Leonardo Lawson.

Table 4. Top 10 Recipients of U.S. Foreign Aid in FY2010, FY2011 Request
(in millions of current \$)

FY2010 Est.		FY2010 Supp. Req.		FY2011 Request	
Country	Estimated Allocation	Country	Requested Allocation	Country	Requested Allocation
Israel	\$2,775.0	Iraq	\$2,087.4	Afghanistan	\$3,923.7
Afghanistan	\$2,624.1	Afghanistan	\$2,004.0	Pakistan	\$3,053.6
Egypt	\$1,555.7	Pakistan	\$370.0	Israel	\$3,000.0
Pakistan	\$1,457.9			Egypt	\$1,558.0
Jordan	\$693.0			Iraq	\$729.3
Kenya	\$687.7			Kenya	\$714.0
Nigeria	\$614.7			Jordan	\$682.7
Mexico	\$582.7			Nigeria	\$647.7
South Africa	\$577.7			South Africa	\$586.1
Ethiopia	\$533.2			Ethiopia	\$583.5

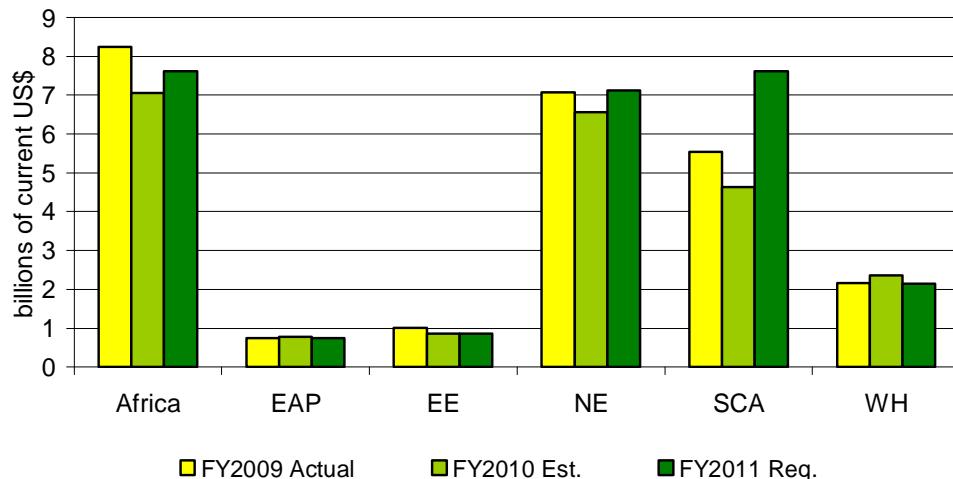
Note: FY2010 figures are preliminary estimates from the State Department/F Bureau and do not include requested supplemental funds. They do, however, include forward funding for FY2010, in the GHCS and FMF accounts, that was provided through FY2009 supplemental appropriations legislation.

In the FY2011 request, Afghanistan tops the list at nearly \$4 billion, followed by Pakistan at \$3 billion. This is in addition to significant supplemental funds—\$2 billion and \$370 million, respectively—requested for these countries for FY2010. Israel and Egypt would continue to receive significant funds, primarily for Foreign Military Financing, at \$3 billion and \$1.56 billion, respectively. Jordan would also continue to rank high on the list, with \$682.7 million requested. Iraq, which dropped out of the top 10 list in FY2010 (though a request for more than \$2 billion in FY2010 supplemental funds is pending), would be the fifth largest recipient of aid in FY2011, under the Administration request. Assistance to the other top recipients—Kenya, Nigeria, Ethiopia, and South Africa—is targeted primarily at HIV/AIDS and other health programs.

Regional Distribution

As shown in **Figure 7**, under the FY2011 proposal, Africa and South Central Asia would receive the most U.S. foreign assistance, with about \$7.6 billion requested for each. The aid to Africa primarily supports HIV/AIDS and other health-related programs while nearly \$7 billion of the \$7.6 billion in aid to South Central Asia is requested for Afghanistan and Pakistan. These figures do not include the large FY2010 supplemental request, which would provide \$2.12 billion for Afghanistan and Pakistan, continuing a trend of increases in and for the region in recent years. Aid to the Near East region, which shows a slight decrease in FY2010, would be almost constant if the \$517 million in supplemental funds requested for Iraq are enacted. Western Hemisphere totals would increase significantly if the requested \$2.8 billion in supplemental funds for Haiti are enacted.

Figure 7. Regional Distribution of Foreign Aid, FY2009-FY2011 Req.



Source: Foreign Operations Congressional Budget Justification, FY2011.

Note: FY2010 figures represent the Administrations request. EAP=East Asia and Pacific; EE=Europe and Eurasia; NE=Near East; SCA=South and Central Asia; WH=Western Hemisphere.

Sector Distribution

Over the years, Congress has expressed interest in various discrete aid sectors, such as education, trade, maternal and child health, and biodiversity, that are funded across multiple accounts and/or agencies. Administrations have begun presenting their respective budget requests with a section showing what portion of the request would address some of these “key interest areas.” Unlike the account funding tables in the budget request, however, the key interest area breakout does not show prior year allocations, limiting year-to-year comparison to requested funds rather than actual funding. This provides an indication of the Administration’s interests and priorities, but not necessarily those of congressional appropriators.

Table 5 compares the FY2010 and FY2011 budget requests for key interest areas identified by the Administration. In keeping with the Administration’s major initiatives, the FY2011 request for several non-HIV/AIDS health activities increased significantly over the FY2010 request, as did the request for global climate change, food security, and microfinance programs. The Administration also emphasized two new focus areas, adding neglected tropical diseases and nutrition to the key interests list. Meanwhile, pandemic flu appears to be a lower Administration priority than last year, along with basic education, biodiversity, and Trans-Saharan Counter Terrorism (an initiative from the Obama Administration’s first budget request).

Table 5. Selected Sector Funding, FY2009 Request and FY2010 Request
(millions of current U.S. dollars)

Sector	FY2010 Req.	FY2011 Req.	% Change
Avian/Pandemic Influenza	\$125	\$75	-40%
Basic Education	\$1,001	\$844	-16%
Biodiversity	\$184	\$114	-38%
Clean Energy		(\$203, included within the Global Climate Change request in FY2011)	-6%
	\$217		
Family Planning/Reproductive Health	\$593	\$716	+21%
Food Security	\$1,363	\$1,644	+21%
Global Climate Change	\$579	\$1,391	+140%
Higher Education	\$188	\$249	+32%
HIV/AIDS	\$5,609	\$5,850	+4%
Malaria	\$585	\$680	+16%
Maternal and Child Health	\$954	\$983	+3%
Microenterprise and Microfinance	\$168	\$230	+37%
Neglected Tropical Diseases	—	\$155	N/A
Nutrition	—	\$231	N/A
Other Public Health Threats	\$128	\$225	+76%
Polio	\$32	\$33	+3%
Trade Capacity Building	\$316	\$323	+2%
Trafficking in Persons	\$32	\$36	+13%
Trans-Sahara Counter-Terrorism	\$80	\$61	-24%
Tuberculosis	\$191	\$251	+31%
Water	\$176	\$256	+45%

Source: U.S. Department of State Foreign Operations Congressional Budget Justification, FY2010 and FY2011, and CRS calculations.

Note: Totals for Water, Basic Education, Child & Maternal Health, and Food Security do not include related funding through the P.L. 480/Food for Peace program, which is funded through Agriculture appropriations.

Key Foreign Operations Issues

In reviewing the FY2011 Foreign Operations budget request, the following issues stand out as being Administration priorities or representing significant changes from existing policy or funding levels.

USAID Capacity Building

USAID continues to expand its Foreign Service staff through the Development Leadership Initiative (DLI), established in 2008 to double the number of Foreign Service officers at USAID in order to more effectively implement assistance programs that have expanded significantly in recent years. As with personnel increases at State, the Administration views this plan as an investment that will lead to reduced reliance on contractors and greater accountability and cost savings over time. The Administration is requesting \$1.48 billion for USAID Operating Expenses for FY2011, a 6% increase over the enacted FY2010 level. Of that amount, \$354.8 million is designated for recruiting and hiring 200 new Foreign Service Officers at USAID, as well as supporting the annualized recurring costs of DLI positions filled since FY2008.

Military/Civilian Balance

The Department of Defense (DOD) greatly expanded its foreign aid activities in the wake of the Iraq and Afghanistan invasions, when high levels of security and economic aid flowed into those countries even while instability and relatively low personnel capacity limited the role of civilian aid agencies. As conditions on the ground have stabilized and both State and USAID have begun building their capacity, both the Secretary of State and Secretary of Defense have expressed support for stronger civilian control of these activities. The FY2011 foreign operations request addresses this issue by including funding for activities that were previously funded through the Defense Appropriations bill. The Complex Crisis Fund, for which \$100 million was requested for FY2011, will replace funding for reconstruction, security, and stabilization activities previously provided through DOD's Section 1207 authority. Similarly, the Pakistan Counterinsurgency Capability Fund, for which \$1.2 billion is requested for FY2011, moves ongoing activities to improve the capabilities of Pakistan's security forces from DOD control to the purview of the Secretary of State. For Iraq, \$314.6 million has been included in the International Narcotics Control and Law Enforcement (INCLE) account request for FY2011 (along with \$517.4 million requested for this purpose in the FY2010 supplemental) to enable State to take control of Iraqi police training programs now funded through the DOD. Secretary of State Clinton has claimed that this shift from military to civilian control will allow the defense budget for Iraq to decrease by \$16 billion.¹³

Front-Line States

As demonstrated in **Table 4**, most of the increase proposed for FY2011 over FY2010 funding levels would continue to flow to countries of strategic interest in the fight against terrorism. The request included \$12.22 billion, or 34% of the total bilateral aid request, for "front-line" states.¹⁴ For Afghanistan, \$3.92 billion is requested for FY2011, in addition to the FY2010 pending supplemental request of \$1.78 billion, primarily to increase U.S. civilian resources to balance the recent troop surge. In Pakistan, \$3.05 billion is requested for FY2011, in addition to the FY2010 supplemental request for \$344 million. The funds will largely be targeted at building the capacity of the government of Pakistan and supporting infrastructure and economic development projects that provide tangible benefits to communities and reduce the appeal of extremism. For Iraq, \$729

¹³ Secretary Clinton's testimony before the Senate Foreign Relations Committee, Hearing on "Foreign Policy Priorities in the FY2011 International Affairs Budget," February 24, 2010.

¹⁴ See footnote 2 for a list of "front-line" states.

million is requested for FY2011, on top of \$517 million requested in FY2010 supplemental funds, to support the aforementioned civilian takeover of security training programs.

Global Health

The Administration has requested \$8.5 billion in the Global Health and Child Survival account for Global Health Initiative (GHI) activities in FY2011. The request represents a 9.4% increase over the FY2010-enacted level, or 8.7% if \$50 million the Administration considers forward funding from the FY2009 supplemental is counted toward the FY2010 total. The six-year, \$63 billion GHI is intended to be a comprehensive approach to global health problems that builds on the previous Administration's focus on global HIV/AIDS, tuberculosis and malaria, but prioritizes building strong and sustainable health systems through an emphasis on maternal and pediatric programs, as well as strategic coordination. Some advocates for HIV/AIDS programs have expressed concern about the shift in focus, noting that funding requested for HIV/AIDS programs in FY2011, while slightly above the FY2010 level, is less than amounts authorized by Congress and, some argue, inadequate to sustain U.S. global commitments. However, Ambassador Eric Goosby, the U.S. Global AIDS Coordinator, has stated that GHI maternal health programs will include significant activities addressing HIV/AIDS, which is the leading cause of death worldwide for women of child bearing age.¹⁵

Food Security

Food security, first addressed as a key issue in the FY2010 budget request, continues to be a priority for the Obama Administration, which requested \$1.64 billion for related programs in the FY2011 budget. This amount does not include P.L. 480 food assistance funds, provided through the Agriculture appropriation. The Administration's new Global Hunger and Food Security Initiative is intended to address root causes of food insecurity and proposes to target funding to countries with widespread hunger, an agriculture-based economy, and comprehensive strategies for food security already in place. The request also emphasizes the benefits of working multilaterally and in partnership with other stakeholders to leverage resources. The request includes \$408.4 million for the new multi-donor Global Food Security Trust Fund, managed by the World Bank, which will support large-scale transportation and irrigation infrastructure, commercial financing, and research.

Climate Change

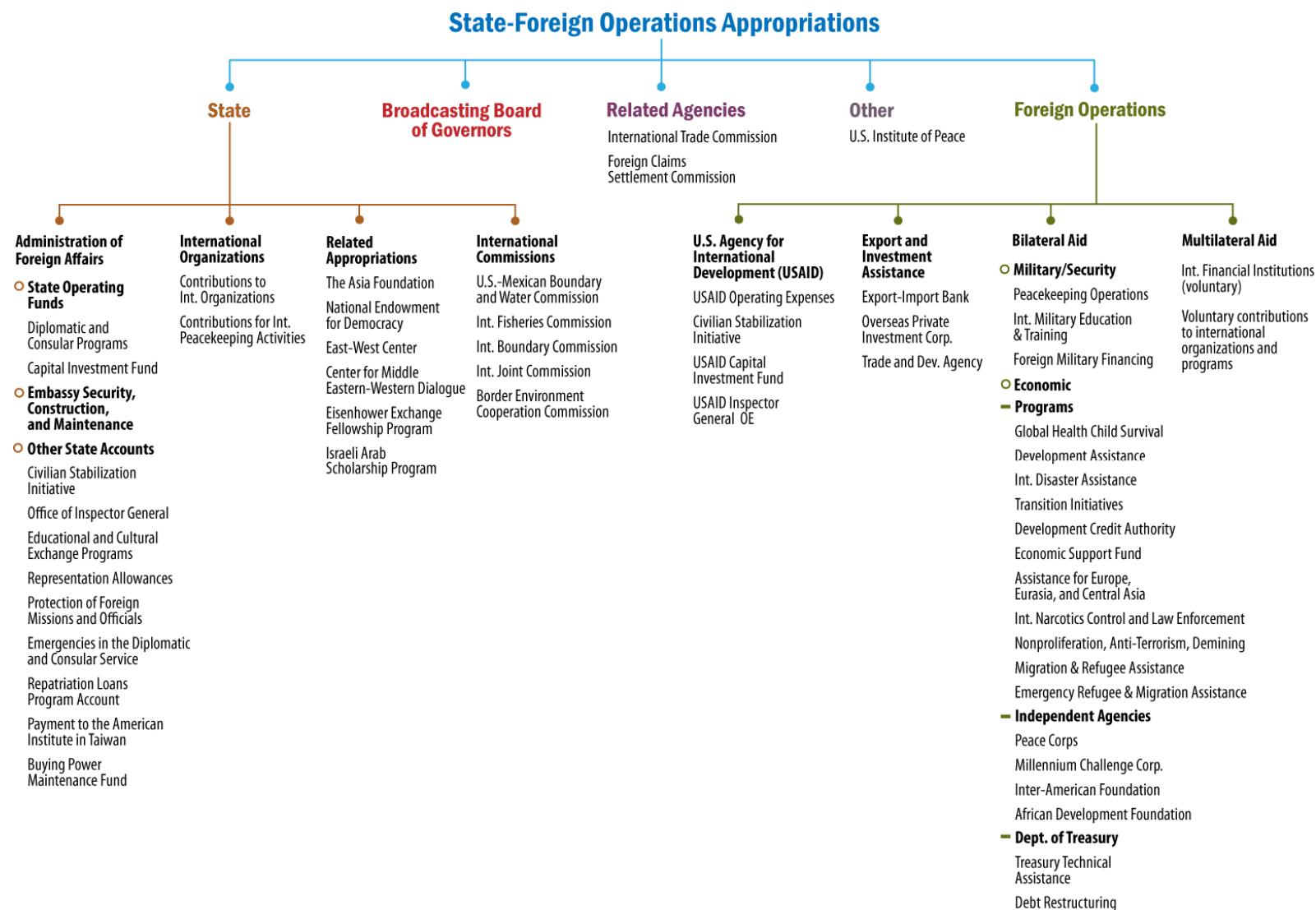
The Administration has requested \$1.39 billion in FY2011 to support activities relating to climate change, with an emphasis on adaptation, deployment of clean energy technologies, and reduction of greenhouse gas emissions through sustainable landscapes. A significant portion of this climate change funding would be channeled through international financial institutions. The \$400 million requested for contribution to the International Clean Technology Fund represents a 33% increase over the FY2010-enacted level. The request also includes \$235 million for the International Strategic Climate Fund, a 213.3% increase over the estimated FY2010 contribution. Secretary of the Treasury Timothy Geithner has explained this emphasis on multilateral funding, both for

¹⁵ Testimony of Ambassador Eric Goosby, United States Global AIDS Coordinator, before the House Appropriations Subcommittee on State-Foreign Operations, March 23, 2010.

climate change and food security, as a fiscally responsible approach intended to leverage commitments from other donors and increase the impact of U.S. funds.¹⁶

¹⁶ Remarks of Treasury Secretary Timothy Geithner, testifying before the House Appropriations Subcommittee on State-Foreign Operations, March 25, 2010.

Appendix A. Structure of State-Foreign Operations Appropriations



Source: CRS.

Appendix B. Abbreviations

Funding Accounts:

ACI	Andean Counterdrug Initiative
AEECA	Assistance for Europe, Eurasia, and Central Asia
CSH	Child Survival and Health
DA	Development Assistance
DF	Democracy Fund
ERMA	Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
FMF	Foreign Military Financing
GHAI	Global HIV/AIDS Initiative
IDFA	International Disaster and Famine Assistance
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
MCC	Millennium Challenge Corporation
MRA	Migration and Refugee Assistance
NADR	Non-proliferation, Anti-Terrorism, Demining, and Related Programs
PEPFAR	President's Emergency Plan For AIDS Relief
PKO	Peacekeeping Operations
PL 480	Food aid
PMI	President's Malaria Initiative
TI	Transition Initiatives

Other:

DFA	Director of Foreign Assistance
AFR	Africa
EAP	East Asia and Pacific
EE	Europe and Eurasia
LAC	Latin America and Caribbean
NE	Near East
SCA	South and Central Asia
USAID	U.S. Agency for International Development

Appendix C. State Department and Related Agencies Appropriations

Table C-1. State Department and Related Agencies Appropriations, FY2009-FY2011
 (in millions of current U.S. \$)

	FY2009 Total ^a	FY2010 Enacted H.R. 3288/div F P.L. 111- 117	FY2010 Supp. Request, Afghanistan/ Pakistan/ Iraq	FY2010 Supp. Request, Haiti	FY2011 Request	Change from FY2010 enacted to FY2011 Req.
Title I. State Department Administration of Foreign Affairs, Subtotal						
Diplomatic & Consular Program	7,153.1	8,227.0	1,807.0	65.0	9,545.2	+16.0%
Capital Investment Fund	323.0	139.0			144.1	+3.7%
Embassy Security, Construction & Maintenance	2,669.4	1,724.1		84.5	1,681.5	-2.5%
Civilian Stabilization Initiative	45.0	120.0			184.0	+53.3%
Office of Inspector General	121.2	102.0	3.0		120.2	+17.8%
Ed. & Cultural Exchange Programs	538.0	635.0			633.2	-0.3%
Special Inspector General for Afghanistan Reconstruction	—	—	14.0			N/A
Representation Allowances	8.2	8.2			8.2	0%
Protection of Foreign Missions & Officials	22.8	28.0			27.2	-2.9%
Emergency-Diplomatic & Consular Services	29.0	10.0			11.0	-10.0%
Buying Power and Maintenance	5.0	8.5			—	N/A
Repatriation Loans	1.4	1.5			1.5	0%
Payment American Institute Taiwan	16.8	21.2			21.4	+0.9%
Foreign Service Retirement	[157.1]	[158.9]			[158.9]	0%
International Organizations, Subtotal						
Contributions to Int'l Orgs	1,604.4	1,682.5			1,595.4	-5.2%
Contributions to International Peacekeeping	2,388.5	2,125.0		96.5	2,182.3	+2.7%
International Commissions^b						
Int'l Boundary/U.S.-Mexico	295.5	76.3			74.3	-2.8%
American Sections	11.6	12.6			12.4	-1.6%

	FY2009 Total ^a	FY2010 Enacted H.R. 3288/div F P.L. 111- 117	FY2010 Supp. Request, Afghanistan/ Pakistan/ Iraq	FY2010 Supp. Request, Haiti	FY2011 Request	Change from FY2010 enacted to FY2011 Req.
International Fisheries	29.9	54.0			43.6	-19.1%
International Broadcasting, Subtotal	715.5	746.4	0.0	5.2	768.7	+3.0%
Broadcasting Operations	704.2	733.8		5.2	755.1	+2.9%
Cuba Broadcasting	[34.8]	[30.5]				
Capital Improvements	11.3	12.6			13.6	+7.9%
Related Appropriations, Subtotal	184.6	211.0	0.0	0.0	180.4	-14.5%
Asia Foundation	16.0	19.0			15.7	-17.4%
U.S. Institute of Peace	31.0	49.2			46.6	-5.3%
Center for Middle East-West Dialogue-Trust & Program	0.9	0.9			0.8	-11.1%
Eisenhower Exchange Programs	0.5	0.5			0.5	0%
Israeli Arab Scholarship Program	0.2	0.4			0.4	0%
East-West Center	21.0	23.0			11.4	-50.4%
National Endowment for Democracy	115.0	118.0			105.0	-11%
Other Commissions	13.2	13.0	0.0	0.0	13.2	+1.5%
Preservation of America's Heritage	0.6	0.6			.6	0%
Int'l Religious Freedom	4.0	4.3			4.4	+2%
Security and Cooperation In Europe	2.6	2.6			2.7	+4%
Cong.-Exec. on People's Republic of China	2.0	2.0			2.0	0%
U.S.-China Economic and Security Review	4.0	3.5			3.5	0%
State/Broadcasting/Related Agencies, TOTAL	16,176.1	15,945.3	1,824.0	251.2	17,247.8	+8.2%

Sources: U.S. Department of State budget documents, House and Senate Appropriations Committees, and CRS calculations.

a. Includes funds from P.L. 111-8, P.L. 110-252, P.L. 111-5, and P.L. 111-32.

b. These activities are funded through the State-Foreign Operations bill, but are not part of Function 150 of the budget.

Appendix D. Foreign Operations Appropriations

Table D-1. Foreign Operations Appropriations, FY2009-FY2011
(millions of current U.S. \$)

	FY2009 Total ^a	FY2010 Enacted H.R. 3288/div F P.L. 111- 117	FY2010 Supp. Request, Afghanistan/ Pakistan/ Iraq	FY2010 Supp. Request, Haiti	FY2011 Request	Change from FY2010 enacted to FY2011 Req.
Title II. USAID Admin., Subtotal	1,258.0	1,650.3	0.0	1.5	1,695.5	+2.7%
USAID Operating Expenses	1,059.2	1,388.8			1,476.0	+6.3
Civilian Stabilization Initiative	30.0	30.0			—	N/A
USAID Capital Investment Fund	122.3	185.0			173.0	-6.5%
USAID Inspector General	46.5	46.5		1.5	46.5	0%
Title III. Bilateral Economic Assistance, Subtotal	21,456.4	21,861.2	1,820.0	1,107.1	24,576.4	+12.4%
Global Health and Child Survival, State + USAID	7,339.0	7,779.0			8,513.0	+9.4%
GHCS (State Dept.)	[5,159.0]	[5,359.0]			[5,500.0]	+2.6%
GHCS (USAID)	[2,180.0]	[2,420.0]			[3,013.0]	+24.5%
Development Assistance	2,000.0	2,520.0			2,980.9	+18.3%
International Disaster & Famine Assistance	820.0	845.0		350.7	860.7	+1.9%
Transition Initiatives	50.0	55.0			48.0	-12.7%
Complex Crises Fund	0.0	50.0			100.0	+100%
Development Credit Authority – Admin	8.0	8.6			8.3	-3.5%
Development Credit Authority Subsidy	[54.0]	[25.0]			[35.0]	+40%
Economic Support Fund	7,116.9	6,344.0	1,820.0	749.3	7,812.0	+23.1%
Assistance for Europe; Eurasia & Central Asia (AEECA)	922.0	741.6			716.4	-3.4%
Fund for Ireland	15.0	17.0			—	N/A
Democracy Fund	116.0	120.0			—	N/A
Migration & Refugee Assistance	1,674.5	1,693.0			1,605.4	-5.2%
Emergency Refugee and Migration	40.0	45.0			45.0	0%
<i>Independent Agencies, Subtotal</i>	<i>1,270.0</i>	<i>1,558.0</i>			<i>1,778.7</i>	<i>+14.2%</i>

	FY2009 Total ^a	FY2010 Enacted H.R. 3288/div F P.L. 111- 117	FY2010 Supp. Request, Afghanistan/ Pakistan/ Iraq	FY2010 Supp. Request, Haiti	FY2011 Request	Change from FY2010 enacted to FY2011 Req.
Inter-American Foundation	22.5	23.0			22.8	-0.9%
African Development Foundation	32.5	30.0			30.0	0%
Peace Corps	340.0	400.0			446.2	+11.6%
Millennium Challenge Corporation	875.0	1,105.0			1,279.7	+15.8%
<i>Department of Treasury, Subtotal</i>	<i>85.0</i>	<i>85.0</i>			<i>108.0</i>	<i>+27.1%</i>
Treasury Department Technical Assistance	25.0	25.0		7.1	38.0	+52%
Debt Restructuring	60.0	60.0			70.0	+16.7%
Title IV. Military/Security Assistance, Subtotal	10,062.7	6,985.5	817.4	143.5	9,962.9	+42.6%
International Narcotics Control & Law Enforcement	1,876.5	1,597.0	757.4	143.5	2,136.0	+33.8%
Andean Counterdrug Program	[315.0]	—			—	N/A
Nonproliferation, Anti-Terrorism, Demining	631.5	754.0			757.6	+0.4%
International Military Education & Training	93.0	108.0			110.0	+1.9%
Foreign Military Financing	6,231.5	4,195.0	60.0		5,473.3	+30.5%
Peacekeeping Operations	530.2	331.5			286.0	-13.7%
Pakistan Counterinsurgency Fund	700.0	—			1,200.0	N/A
Title V. Multilateral Assistance, Subtotal	1,845.5	2,437.7	0	212.0	3,307.8	+35.7%
World Bank: Global Environment Facility	80.0	86.5			175.0	+102.3%
International Clean Technology Fund	—	300.0			400.0	+33.3%
Strategic Climate Fund	—	75.0			235.0	+213.3%
World Bank: Int'l. Development Association	1,115.0	1,262.5			1,285.0	+1.8%
IADB: Enterprise for Americas MIF	25.0	25.0			25.0	0%
IADB: Inter-American Investment Corporation	0.0	4.7			21.0	+346.8%
Asian Development Fund	105.0	105.0			115.3	+9.8%
Asian Development Bank	—	—			106.6	N/A
African Development Bank	—	—			—	N/A

	FY2009 Total ^a	FY2010 Enacted H.R. 3288/div F P.L. 111- 117	FY2010 Supp. Request, Afghanistan/ Pakistan/ Iraq	FY2010 Supp. Request, Haiti	FY2011 Request	Change from FY2010 enacted to FY2011 Req.
African Development Fund	150.0		155.0		155.9	+0.6%
European Bank for Reconstruction & Development	—	—	—	—	—	N/A
International Fund for Agricultural Development	18.0		30.0		30.0	0%
Global Food Security Fund	—	—	—	—	408.4	N/A
International Organizations & Programs	352.5		394.0		350.6	-11.0%
Haiti Response/Debt Relief ^b				212.0		
Title VI. Export Aid, Subtotal	-299.2		-113.9		-142.7	-25.3%
Export-Import Bank (net) ^c	-177.0		2.4		-9.5	-495.8%
Overseas Private Investment Corporation (net) ^d	-173.0		-171.5		-189.4	-10.4%
Trade & Development Agency	50.8		55.2		56.2	+1.8%
Foreign Operations, Total	34,323.4		32,820.8	2,637.4	1,464.1	39,399.9 +20.0%
State/Broadcasting/Related Agencies, Total	16,176.1		15,945.3	1,824.0	251.2	17,247.8 +8.2%
State-Foreign Operations, Total	50,499.5		48,766.1	4,461.4	1,715.3	56,647.7 +16.2%

Source: U.S. Department of State budget documents, House and Senate Appropriations Committees, and CRS calculations.

- a. Includes funds from P.L. 111-8, P.L. 110-252, P.L. 111-5, and P.L. 111-32
- b. These funds are requested for contributions to the Inter-American Development Bank, the International Development Association, and the International Fund for Agricultural Development to cancel debts owed by Haiti and for disaster response activities following the January 12 earthquake. These contributions are part of a multi-donor debt cancellation deal to which the U.S. has agreed.
- c. Appropriated funds are for expenses of the Inspector General. Administration expenses and loan program funds are covered by Bank receipts.
- d. These figures represent anticipated OPIC receipts, minus amounts requested for administrative expenses and credit funding.

Appendix E. International Affairs (150) Budget Account

Table E-1. International Affairs (150) Budget Account, FY2008-FY2010
 (in millions of current U.S. \$)

	FY2009 Total ^a	FY2010 Enacted ^b	FY2010 Supp. Request, Afghanistan/ Pakistan/Iraq	FY2010 Supp. Request, Haiti	FY2011 Request	Change from FY2010 enacted to FY2011 Req.
State-Foreign Operations, excluding commissions^c	50,149.3	48,610.2	4,461.4	1,715.3	56,504.2	+16.2%
Commerce- Justice-Science						
Foreign Claim Settlement Commission	1.8	2.1			2.2	+4.7%
Int'l Trade Commission	75.0	81.9			87.0	+6.2%
Agriculture						
P.L. 480 & McGovern- Dole	2,420.9	1,899.5			1,899.5	0%
Total International Affairs (150)	52,647.0	50,593.7	4,461.4	1,715.3	58,492.9	+15.6%

Source: U.S. Department of State budget documents, House and Senate Appropriations Committees, and CRS calculations.

- a. Includes funds from P.L. 111-8, P.L. 110-252, P.L. 111-5, and P.L. 111-32.
- b. P.L. 111-32, the Supplemental Appropriations Act, 2009, included \$1.8 billion that the Administration considers forward funding for FY2010. Those funds are included in the FY 2009 column of this table. If the funds are included in the FY2010 total, rather than FY2009, the FY2011 request represents a 12% increase over the FY2010-enacted level.
- c. While funding for international commissions are appropriated in State-Foreign Operations bill, they are not part of the International Affairs Function 150 Account.

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